



Agenda Date: 6/6/01

Item:

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

I/M/O THE PROVISION OF BASIC)
GENERATION SERVICE PURSUANT)
TO THE ELECTRIC DISCOUNT AND)
ENERGY COMPETITION ACT,)
N.J.S.A. 48:3-49 et seq.)

ENERGY

**ORDER ESTABLISHING
PROCEDURAL SCHEDULE**

DOCKET NO. EX01050303

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

In the rate unbundling, stranded costs and restructuring Final Orders (Final Orders) for Atlantic City Electric Company d/b/a Conectiv Power Delivery,¹ Jersey Central Power and Light Company d/b/a GPU Energy,² Public Service Electric and Gas Company,³ the Board directed each of the electric utilities to file, by August 1, 2001, specific proposals to implement an RFP process for Basic Generation Service ("BGS") for Year 4 of the Transition Period, consisting of August 1, 2002 through July 31, 2003 ("Year 4" or "Year 4 of the Transition Period"), subject to public comment and Board review and approval.

In addition, in Rockland Electric Company's ("RECO") Summary Order (Summary Order),⁴ the Board indicated that it will undertake a review at the beginning of Year 3 of the Transition Period (August 1, 2001), with an opportunity for participation by the parties, to determine whether, and if so in what manner, RECO should be permitted to bid out BGS responsibility for Year 4 of the Transition Period.

In reviewing the requirements of the Board's Final Orders and Summary Order, the provisions set forth in the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-57, the current status of electric retail competition in New Jersey and the current state of the region's electric wholesale markets, the Board is of the view that the review, discussion and consideration of BGS for Year 4 of the Transition Period needs to be accelerated. This needs to be done in order to provide direction to the utilities so as

¹ In The Matter of Atlantic City Electric Company's Rate Unbundling, Stranded Costs and Restructuring Filing, Docket Nos. EO9707455, EO9707456 and EO9707457, Final Order, dated March 30, 2001.

² In the Matter of Jersey Central Power & Light Company d/b/a GPU Energy – Rate Unbundling, Stranded Cost and Restructuring Filings, Docket Nos. EO97070458, EO97070459 and EO97070460, Final Order, dated March 3, 2001.

³ In the Matter of Public Service Electric and Gas Company's Rate Unbundling, Stranded Costs and Restructuring Filings, Docket Nos. EO97070461, EO97070462 and EO97070463, Final Order, dated August 24, 1999.

⁴ In the Matter of Rockland Electric Rate Unbundling, Stranded Costs and Restructuring Filings, Docket Nos. EO97070464, EO97070465 and EO97070466, Summary Order, dated July 28, 1999.

to allow for an orderly bidding process as may be determined by the Board, and/or to allow for supply planning which will minimize utility deferred balances.

If a timely decision on bidding BGS for Year 4 is not made, whether the decision is to reject or implement a proposed RFP process, Electric Distribution Companies (EDCs") could be at a disadvantage in procuring supply for the portion of BGS service for which they retain responsibility.⁵ In particular, certain utilities have indicated that they would like to begin to develop their BGS supply portfolio, including bi-lateral contracts and hedging arrangements for Year 4 BGS requirements by November 2001, if they retain such responsibility. In order to secure the most competitive pricing options for those supplies and particularly for the normally high-priced months of June, July, August and September.

In light of the current uncertainty in the wholesale electric marketplace and the fact that BGS procurement costs continue to be in excess of the BGS revenues in electric rates, thus affecting the EDCs' deferred balances, the Board believes it is appropriate to begin consideration of the utility filing requirements to implement an RFP process for Basic Generation Service for the period of August 1, 2002 through July 31, 2003, as soon as possible and establish procedures such that the Board would be able to render a decision on this issue in November 2001. Consequently, the Board DIRECTS the Electric Distribution Companies to file specific proposals to implement an RFP process for BGS for Year 4 of the Transition Period, consisting of August 1, 2002 through July 31, 2003, by June 29, 2001. This advances the filing date of the electric utilities proposals from August 1, 2001.

The Board HEREBY DIRECTS the four EDCs to each file their respective BGS RFP proposals by June 29, 2001. Further, the Board HEREBY ESTABLISHES the following preliminary procedural schedule, which will enable a Board decision in November 2001. The Board DIRECTS Staff and the Advising DAG to schedule a procedural conference after the EDC proposals are filed in order to develop a proposed final procedural schedule.

⁵ N.J.S.A. 48:3-57(a) states: "Simultaneously with the starting date for the implementation of retail choice as determined by the board pursuant to subsection a. of section 5 of this act, and for at least three years subsequent and thereafter until the board specifically finds it to be no longer necessary and in the public interest, each electric public utility shall provide basic generation service. Power procured for basic generation service by an electric public utility shall be purchased, at prices consistent with market conditions. The charges assessed to customers for basic generation service shall be regulated by the board and shall be based on the reasonable and prudent cost to the utility of providing such service, including the cost of power purchased at prices consistent with market conditions by the electric public utility in the competitive wholesale marketplace and related ancillary and administrative costs, as determined by the board. The board shall approve unbundled rates to assure that aggregate rate reductions established pursuant to section 4 of this act are sustained notwithstanding changes in basic generation charges approved pursuant to this section."

PRELIMINARY BGS PROCEDURAL SCHEDULE

June 29, 2001	EDCs file BGS RFP proposal
Week of July 9	Procedural conference
July 16-18	Discovery conferences
July 25	Discovery request deadline on EDC positions
August 7	Discovery response deadline on EDC positions
August 17	Filing of non-EDC positions
August 23-24	Discovery conferences on non-EDC positions
August 31	Discovery request deadline on non-EDC positions
September 14	Discovery response deadline on non-EDC positions
Sept 20,21,24 or 25	Public Hearings (final dates to be determined based on Commissioner's availability)
October 5	Final comments – all interested parties
October 12	Reply comments – all interested parties

DATED: June 12, 2001

BOARD OF PUBLIC UTILITIES
BY:

CAROL J. MURPHY
ACTING PRESIDENT

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

FRANCES L. SMITH
SECRETARY